

PINE TELEPHONE SYSTEM, INC.

P. O. BOX 706 104 CENTER STREET
HALFWAY, OREGON 97834
(541) 742-2201 FAX (541) 742-4321

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August 13, 1998

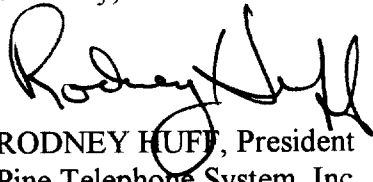
Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW Room 222
Washington, DC 20554

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Dear Ms. Salas:

Enclosed are the original and sixteen (16) copies of the comments of Pine Telephone System, Inc. /Rodney Huff response to the Commission's Notice of Proposed Rulemaking in CC Docket No. 98-77.

Sincerely,



RODNEY HUFF, President
Pine Telephone System, Inc.
P.O. Box 706
Halfway, Oregon 97834

cc: Competitive Pricing Division
Common Carrier Bureau
Room 518
1919 M Street N.W.
Washington, D.C. 20554

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
Access Charge Reform for Incumbent) CC Docket No. 98-77
Local Exchange Carriers Subject to)
Rate-of-Return Regulation)

Comments of Pine Telephone System, Inc.

Pine Telephone System, Inc. is a small rural local exchange carrier serving____ access lines in the state of Oregon. These comments focus on the impact of certain proposals included in the Notice of Proposed Rulemaking (NPRM) for access reform for rate-of-return incumbent local exchange carriers.

Specifically, we oppose the proposed rule change to allocate a portion of the General Support Facilities to the Billing and Collection category. While this procedure may be appropriate for price cap companies who provision the Billing & Collection service using their own computers, it is not appropriate for the small rural LECs that rely heavily on service bureaus for the providing this service. Small LECs have very little opportunity to reduce billing & collection costs because they are dependent on outside service bureaus for providing this service. Other rule changes over the years have tended to allocate more and more costs to the interstate billing and collections category to the point that small companies can no longer make a profit on the

Service. This proposed change to the Part 69 allocation rules will provide many small LECs with the unintended incentive to terminate Billing & Collection agreements with IXC's.

In 1996 Pine Telephone System, Inc. had \$23,398 revenue for the interstate billing and collection service compared to a cost of \$24,040 resulting in a loss of \$642 before the OB&C change and the proposed GSF change. The change in OB&C rules applied to the 1996 costs results in an interstate billing and collection cost of \$31,698 which increases the loss on the service to \$8,300. Taking this analysis the next step and folding in the proposed GSF change results in a cost assigned to interstate billing and collection of \$43,188, increasing the loss on the service to \$19,790.

We ask the Commission to reject the proposed change which would jeopardize the billing and collection service currently provided to interexchange carriers.

Respectfully submitted,

Rodney Huff
Pine Telephone System, Inc.